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Message Text

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70
ACTION EUR-12

INFO OCT-01 ISO-00 AEC-07 AID-05 CEA-01 CIAE-00 CIEP-02

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-02

NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01 OES-05

SP-02 SS-15 STR-04 TRSE-00 FRB-01 FEA-01 PA-02 PRS-01

USIA-15 /109 W
---------- 112278
R 062155Z DEC 74
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 5158
INFO AMCONSUL CALGARY

UNCLAS OTTAWA 3983

E.O. 11652: N/A
TAGS: ENRG, EFIN, CA, US
SUBJ: ENERGY: US-CANADIAN OIL RELATIONS

1. DEC 6 MORNING PRESS (TORONTO GLOBE AND MAIL AND MONTREAL GAZETTE) CONTINUES TO FEATURE "OIL" ASPECT OF PM TRUDEAU'S WASHINGTON VISIT AND PROMINENTLY REPORTS "CUT-OFF" OF LOANS TO ALBERTA TAR SANDS DEVELOPMENT (SYNCRUDE PROJECT) BY EXIMBANK. TRUDEAU REPORTEDLY TOLD WASHINGTON PRESS CONFERENCE THAT HE DOES NOT BELIEVE THIS ACTION WAS A RETAILIATORY MOVE ON WASHINGTON'S PART.

2. MONTREAL GAZETTE STORY (BOGDAN KIPLING) STATES RAICHT (EB/FSE) DISPUTES TREASURY ASSISTANT SECRETARY PARSKY'S ASSESSMENT THAT EXIMBANK REJECTION OF SYNCRUDE LOAN WAS POSSIBLY A RETAILIATORY MOVE IN REACTION TO CANADA'S OIL EXPORT PHASE-OUT DECISION. KIPLING WRITES THAT "TREASURY OFFICIALS HAVE BEEN HAWKISH FOR A LONG TIME ON POLICIES VIS-A-VIS CANADA. PARSKY CONFIRMED SOME WEEKS AGO THE TREASURY HAD CONSIDERED A TRANSIT TAX ON CANADIAN OIL PIPED THROUGH THE U.S. TO FORCE CANADA TO LOWER ITS
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OIL EXPORTS TAX." ARTICLE STATES TRUDEAU HAS

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REJECTED SUCH A SUGGESTION AS "HYPERBOLE."

3. RAICHT IS REPORTED TO HAVE SAID DECEMBER 5 THAT IT HAD BEEN ADMINISTRATION POLICY SINCE MARCH NOT TO FINANCE ENRGY-RELATED PROJECTS ABROAD AND THAT THE EXIMBANK MOTIVE WAS THE DESIRE TO CHANNEL MONEY TO PROJECT INDEPENDENCE.

4. SAME KIPLING ARTICLE STATES THAT ATLANTIC RICHFIELD OFFICIAL, WILLIAM DUKE, ACKNOWLEDGES THAT LOAN REFUSAL PLAYED ROLE IN DECISION TO WITHDRAW FROM SYNCRUDE AND THAT THE TIME WHEN ARCO "REALIZED THE LOAN WAS IN TROUBLE" COINCIDES WITH CANADA'S NOVEMBER 22 DECISION ON OIL EXPORTS. JOHNSON

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